



Shelby County Government

A C Wharton, Jr.
Mayor

February 11, 2005

Dear Employees of Shelby County:

As a result of our retirement program study – including input from employees like you – Shelby County is pleased to introduce changes in the Retirement System that will take effect September 1, 2005. At that time, Plan C will become the retirement plan for all new Shelby County employees hired on or after March 1, 2005, and for those current, active employees in Plan A who choose to move from Plan A to Plan C.

Starting in late May 2005, Plan A participants hired before March 1, 2005 will have the choice to remain in Plan A or move to the new Plan C. Your choice will take effect September 1, 2005, and your first payroll deduction will be September 15, 2005 – provided that you are actively at work at the time.

How Do the Plans Compare?

Both Plan A and Plan C offer monthly retirement income based on age, service and pay at retirement. Here's a quick overview of the key differences:

- Plan A benefits are payable at age 65, or as early as age 55 at a reduced benefit level for employees who are vested. Plan C offers some additional flexibility for you to decide when you want to retire – with a "25 and out" feature that allows retirement with full Plan benefits any time after you complete 25 years of service with Shelby County. Some Public Safety employees have a similar provision under Plan A today. That feature of Plan A will go away with the introduction of Plan C because Plan C includes a "25 and out" feature for **all** employees.
- For most plan participants, Plan A is funded totally by Shelby County; Public Safety employees participating in Plan A's "25 and out" feature contribute toward the cost of that plan. For Plan C, you and the County will share the cost – with a required contribution from you equal to 6% of pay. Employees selecting Plan C will have to make that contribution for five years to be eligible for Plan C benefits; Public Safety employees who have been contributing to have the "25 and out" feature under Plan A will receive credit toward that transition period for the time they have contributed to Plan A.
- Plan C also has a retirement account which includes:
 - your contributions and
 - a 3% matching contribution from Shelby County.Your contributions can be refunded to you if you leave Shelby County before qualifying for a pension. You also could receive the value of the matching contribution at that time if you have completed
 - the transition period and
 - at least 7½ years of service.

- Employees in Plan A as of February 28, 2005 will have a choice between Plan A and Plan C.
- New employees hired on or after March 1, 2005 will participate in Plan C automatically.
- Plan B participants will remain in their current plan.

This lump sum benefit is limited to \$50,000. It is paid in lieu of the future regular pension monthly annuity that lump sum represents. If the lump sum value of your future benefits is greater than \$50,000, any additional benefit value would be paid as a regular pension annuity when you qualify for retirement benefits.

More detail on all the plan features will be provided in future information you receive about your plan choice.

How Do You Choose?

Your choice of plans will be important, because the Retirement System benefits can represent a significant part of your retirement income. It's a personal choice that should take into account your plans for retirement, and potential retirement income from other sources, such as the 457 Deferred Compensation Plan, your spouse's retirement plan, and your other savings and investments. Over the next few months, Shelby County will provide you with information, tools and resources to help you think about your future and choose between Plan A and Plan C. The choice period will run from May 30 through July 22, 2005. Between now and July, you can expect:

Early April	A brief overview of your plan choices – with examples and information to help you prepare for the plan choice ahead.
Late May	Your decision kit – with a detailed comparison of the plans, issues to consider as you make your choice, a personal statement to help you compare the plans at different points in time, and enrollment instructions.
May 30	A Web-based modeling tool – available through the Shelby County Internet site – to help you compare the plans using different ages and assumptions.
Mid-May through July 1	Employee meetings – where you can learn more about the plans and get answers to your questions.

As you receive more information, the Retirement Office will also be available to answer your questions about Plan C and your upcoming choice.

We are pleased to be able to respond to employee input related to the County's retirement benefits, and believe that together with the 457 Deferred Compensation Plan, the changes in the Retirement System offer you added flexibility to plan for the future. We encourage you to think carefully about your choice.

Sincerely,

A C Wharton, Jr.
Mayor of Shelby County and
Chairman, Shelby County Retirement Board